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Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

	Application No.	Applicant(s)
Office Action Summary	10/616,458	TERLIZZI ET AL.
	Examiner	Art Unit	
	NEAL R. SEREBOFF	3626	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE *3* MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

1)☒ Responsive to communication(s) filed on *12 November 2004*.

2a)☐ This action is **FINAL**.   2b)☒ This action is non-final.

3)☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

4)☒ Claim(s) *1-64* is/are pending in the application.

    4a) Of the above claim(s) _____ is/are withdrawn from consideration.

5)☐ Claim(s) _____ is/are allowed.

6)☒ Claim(s) *1-64* is/are rejected.

7)☐ Claim(s) _____ is/are objected to.

8)☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

9)☐ The specification is objected to by the Examiner.

10)☐ The drawing(s) filed on _____ is/are: a)☐ accepted or b)☐ objected to by the Examiner.

    Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).

    Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).

11)☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

12)☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).

    a)☐ All   b)☐ Some *   c)☐ None of:

      1.☐ Certified copies of the priority documents have been received.

      2.☐ Certified copies of the priority documents have been received in Application No. _____.

      3.☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

    * See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

1)☒ Notice of References Cited (PTO-892)

2)☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)

3)☒ Information Disclosure Statement(s) (PTO/SB/08)
    Paper No(s)/Mail Date *11/12/2004*.

4)☐ Interview Summary (PTO-413)
    Paper No(s)/Mail Date. _____ .

5)☐ Notice of Informal Patent Application

6)☐ Other: _____ .

DETAILED ACTION

Notice to Applicant

1.   Claims 1 – 64 are pending and the Information Disclosure Statement (PTO-1449) submitted on 11/12/2004 has been considered.

Specification

2.   The specification is objected to as failing to provide proper antecedent basis for the claimed subject matter. See 37 CFR 1.75(d)(1) and MPEP § 608.01(o). Correction of the following is required:

- Claim 14 includes the limitation, "serially paid to a plurality of entities." The Examiner cannot find a description about that serial payment.

- Claim 60 includes the limitation, "no transfer of premium payment obligations." The Examiner cannot find support about how this method is performed.

Claim Objections

3.   Claims 54 and 55 are objected to because of the following informalities: Claim 53 is directed to a computer system and claims 53 and 54 are directed toward a computer readable medium. Appropriate correction is required.

Claim Rejections - 35 USC § 101

4.   35 U.S.C. 101 reads as follows:

> Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

5.   Claims 1 – 39 and 58 – 64 are rejected under 35 U.S.C. 101 based on Supreme Court precedent, and recent Federal Circuit decisions, a § 101 process must (1) be tied to a machine (such as a particular apparatus) or (2) transform underlying subject matter (such as an article or

materials) to a different state or thing. In re Bilski, F.3d, 88 U.S.P.Q.2d 1385 (2008). Diamond v.

Diehr, 450 U.S. 175, 184 (1981); Parker v. Flook, 437 U.S. 584, 588 n.9 (1978); Gottschalk v.

Benson, 409 U.S. 63, 70 (1972); Cochrane v. Deener, 94 U.S. 780,787-88 (1876). The process

steps in claims (1 – 51 and 58 – 64) are not tied to a machine nor do they execute a

transformation. Thus, they are non-statutory.

6.   Claims 40 – 51, 52 – 54 and 57 rejected under 35 U.S.C. 101 because the claimed

invention is directed to non-statutory subject matter. The claims represent software per-se with

no underlying structure. MPEP § 2601

Claim Rejections - 35 USC § 112

7.   The following is a quotation of the second paragraph of 35 U.S.C. 112:

> The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the
> subject matter which the applicant regards as his invention.

8.   Claims 33 – 35 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite

for failing to particularly point out and distinctly claim the subject matter which applicant

regards as the invention. The claims include the limitation, "likelihood of an insured's death."

The Examiner notes that all people have a likelihood of death.

- Claim 33 states that the likelihood of the insured's death is based upon the absence of a
  timely cashed check. The claim does not state upon what basis that likelihood changes or
  how the absence affects the insureds death.

- Claim 35 states that the likelihood of the insured's death is based upon the signature. The
  claim does not state upon what basis that likelihood changes or how the signature is
  affects the insureds death.

9.   Claim 57 is rejected under 35 U.S.C. 112, second paragraph, as being indefinite for

failing to particularly point out and distinctly claim the subject matter which applicant regards as

the invention. Computer system claim 57 states that it depends upon method claim 33. The

Examiner understands that claim 57 depends upon claim computer system claim 53.

10.   Claims 60 – 62 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite

for failing to particularly point out and distinctly claim the subject matter which applicant

regards as the invention. Method claim 60 states that it depends upon computer system claim 57.

The Examiner understands that claim 60 depends upon method claim 58. Claims 61 and 62 are

rejected as being dependent upon claim 60.

11.   Claims 60 is rejected under 35 U.S.C. 112, second paragraph, as being indefinite for

failing to particularly point out and distinctly claim the subject matter which applicant regards as

the invention. The Examiner does not understand how the method is performed without

transferring the premium obligation.   The Applicant's Abstract states, "the transfer of premium

payment obligations of the insured's life insurance policy to the first entity or a second entity in

exchange for periodic payments for a period of time to at least one of an owner of the life

insurance policy and a third entity."   The Examiner understands that this transfer occurs.

12.   Claims 63 and 64 recites the limitation "the plurality of life insured policies." There is

insufficient antecedent basis for this limitation in the claim. The Examiner understands the

plurality of policies to be one policy.

Claim Rejections - 35 USC § 102

13.   The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the

basis for the rejections under this section made in this Office action:

A person shall be entitled to a patent unless –

(b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of application for patent in the United States.

14.   Claims 1 – 64 are rejected under 35 U.S.C. 102(b) based upon a public use or sale of the invention. The inventors were founders and employees of Peachtree Life Settlements that was in business since 1997 as described within Peachtree, "Peachtree Life Settlements Renews $250 Million Facility to Purchase Life Insurance From Seniors." The claimed invention creates a life settlement process as described within the specification paragraphs 7 – 10.

An issue of public use or on sale activity has been raised in this application. In order for the examiner to properly consider patentability of the claimed invention under 35 U.S.C. 102(b), additional information regarding this issue is required as follows: Published or unpublished documentation describing how the claimed invention conception occurred after the critical date of 7/10/2002. The information could include notes, minutes, internal presentations or sales materials and may include information not listed here.

Applicant is reminded that failure to fully reply to this requirement for information will result in a holding of abandonment.

15.   ***Claims 1 – 5, 7 – 9, 18, 23 – 25, 40, 41, 43 – 46, 49, 52 – 54, 57 – 60, 63 and 64*** are rejected under 35 U.S.C. 102(b) as being anticipated by Baronowski et al., U.S. Patent number 5,926,800.

16.   As per claim 1, Baronowski teaches a computer implemented method for investing, comprising:

- Recording

      ○ An indication of the formation of an agreement for the transfer of benefits of an insured's life insurance policy to a first entity (figure 4, loan origination - assignment) and

      ○ The transfer of premium payment obligations of the insured's life insurance policy to the first entity or a second entity in exchange for calculated periodic payments for a period of time to at least one of an owner of the life insurance policy and a third entity (figure 4, operations – payment and column 11, lines 1 – 25),

      ○ Wherein the period of time is based on at least one of a fixed period and the life of the insured (figure 4 - at death).

17.   As per claim 2, Baronowski teaches the method of claim 1 as described above. Baronowski further teaches the method comprising, determining prior to the formation of the agreement that the insured has a life impairment (figure 2 – medical underwriting).

18.   As per claim 3, Baronowski teaches the method of claim 1 as described above. Baronowski further teaches the method wherein the period of time is based on a life style choice by the insured after the formation of the agreement (column 1, lines 15 – 37, supporting children).

19.   As per claim 4, Baronowski teaches the method of claim 1 as described above. Baronowski further teaches the method wherein the premium payment obligations of an insured's life insurance policy are transferred to the first entity (column 3, line 60 through column 4, line 9).

20.   As per claim 5, Baronowski teaches the method of claim 1 as described above.

Baronowski further teaches the method further comprising paying at least one lump-sum

payment to at least one of the owner and a third entity (column 3, lines 41 - 59).

21.   As per claim 7, Baronowski teaches the method of claim 1 as described above.

Baronowski further teaches the method comprising calculating and paying a plurality of lump-

sum payments to at least one of the owner and a third entity (column 12, lines 1 – 9 where the

amounts may be taken as desired).

22.   As per claim 8, Baronowski teaches the method of claim 1 as described above.

Baronowski further teaches the method wherein the periodic payments are made to the owner

and a third entity or to the owner and a plurality of entities (column 12, lines 10 – 17 where

expense are taken out when loans are made).

23.   As per claim 9, Baronowski teaches the method of claim 1 as described above.

Baronowski further teaches the method wherein the premium payment obligations include the

periodic premium payments to maintain the life insurance policy (figure 4, operations – payment

of premium).

24.   As per claim 18, Baronowski teaches the method of claim 1 as described above.

Baronowski further teaches the method comprising evaluating and calculating the life

expectancy of the insured prior to forming the agreement (figure 3).

25.   As per claim 23, Baronowski teaches the method of claim 18 as described above.

Baronowski further teaches the method wherein the life expectancy of the insured is calculated

by a method comprising:

- Determining the insured's current age;

- Determining the sex of the insured;

- Determining the present medical condition of the insured (column 8, line 35 – 50);

- Identifying the presence or absence of medical conditions among at least one member of insured's family; and

- Identifying the presence or absence of life-style choices previously made by the insured that are statistically linked to adverse medical conditions.

26.   As per claim 24, Baronowski teaches the method of claim 1 as described above. Baronowski further teaches the method wherein at least one of the first and second entities is licensed to issue annuities (column 4, lines 54 – 67 where the licenses of the entities represents non-functional descriptive information and therefore has no patentable weight).

27.   As per claim 25, Baronowski teaches the method of claim 1 as described above. Baronowski further teaches the method wherein at least one of the first and second entities is a licensed and rated insurer (column 4, lines 54 – 67 where the licenses of the entities represents non-functional descriptive information and therefore has no patentable weight).

28.   As per claim 26, Baronowski teaches the method of claim 1 as described above. Baronowski further teaches the method wherein at least a portion of the periodic payments are based on a fixed rate of return (column 13, lines 1 – 50).

29.   As per claim 40, Baronowski teaches a computer system, comprising:

- A computing unit programmed with logic to determine the general amount of each payment in a group of periodic payments to be made for the life of an insured payable to a first entity based on (Abstract):

    o   The benefits of an insured's life insurance policy (column 3, lines 41 – 59); and

o   The premium payment obligations of the insured's life insurance policy (column

3, lines 41 – 59).

30.   As per claim 41, Baronowski teaches the computer system of claim 40 as described

above. Baronowski further teaches the computer system wherein the logic to determine the

general amount of each payment in a group of periodic payments to be made for the life of an

insured payable to a first entity is further based on the life expectancy of the insured (figure 3).

31.   As per claim 43, Baronowski teaches the computer system of claim 40 as described

above. Baronowski further teaches the computer system comprising logic to determine the

general amount of a lump-sum payment to be made to the first entity or a second entity based on:

- The benefits of an insured's life insurance policy (column 3, lines 41 – 59); and

- The premium payment obligations of the insured's life insurance policy (column 3, lines

  41 – 59).

32.   As per claim 44, Baronowski teaches the computer system of claim 43 as described

above. Baronowski further teaches the computer system wherein the logic to determine the

general amount of a lump-sum payment to be made to the first entity or the second entity is

further based on the life expectancy of the insured (column 3, lines 41 – 59 and column 12, lines

1 – 9 where the amounts may be taken as desired).

33.   As per claim 45, Baronowski teaches the computer system of claim 40 as described

above. Baronowski further teaches the computer system wherein the logic to determine the

general amount of each payment in a group of periodic payments to be made for the life of an

insured to the first entity includes algorithms to increase or decrease the general amount of each

payment over time (column 3, lines 41 – 59 and column 12, lines 1 – 9 where the amounts may be taken as desired).

34.   As per claim 46, Baronowski teaches the computer system of claim 40 as described above. Baronowski further teaches the computer system comprising logic to direct payment of at least one payment in the group of periodic payments to at least the first entity (figure 4, loan origination - assignment).

35.   As per claim 49, Baronowski teaches the computer system of claim 43 as described above. Baronowski further teaches the computer system comprising logic to direct payment of the lump-sum payment to the first entity or a second entity (column 3, lines 41 – 59 and column 12, lines 1 – 32 where the amounts may be taken as desired).

36.   As per claim 52, Baronowski teaches the computer system of claim 40 as described above. Baronowski further teaches the computer system comprising a computer to execute the computer system (column 5, lines 18 – 31).

37.   As per claim 53, Baronowski teaches a computer readable medium having program code recorded thereon that causes, when executed, a computing system to:

- Calculate the general amount of each payment in a group of periodic payments to be made for the life of an insured payable to a first entity based on:

- The benefits of an insured's life insurance policy; and

- The premium payment obligations of the insured's life insurance policy.

38.   As per claim 54, Baronowski teaches the computer system of claim 53 as described above. Baronowski further teaches the computer system wherein the calculation of the general amount of each payment in a group of periodic payments to be made for the life of an insured

payable to a first entity is further based on the life expectancy of the insured (column 8, line 35 –

50).

39.   As per claim 57, Baronowski teaches the computer system of claim 53, as understood, as

described above. Baronowski further teaches the computer system wherein the lump-sum

payment to be made to the first entity or a second entity is further based on current interest rates

(column 10, lines 1 - 3 where the prevailing rate is the current rate).

40.   As per claim 58, Baronowski teaches a computer implemented method for investing,

comprising:

*   Causing the formation of an agreement for the transfer of benefits of an insured's life

    insurance policy to a first entity (figure 4, loan origination - assignment)

*   In exchange for periodic payments for a period of time to at least one of an owner of the

    life insurance policy and a third entity (figure 4, operations – payment and column 11,

    lines 1 – 25),

*   Wherein the period of time is based on at least one of a fixed period and the life of the

    insured (figure 4 - at death).

41.   As per claim 59, Baronowski teaches the method of claim 58 as described above.

Baronowski further teaches the method comprising the transfer of premium payment obligations

of the insured's life insurance policy (column 3, line 60 through column 4, line 9).

42.   As per claim 60, as understood, Baronowski teaches the method of claim 58, as

understood, as described above. Baronowski further teaches the method wherein there is (no)

transfer of premium payment obligations of the insured's life insurance policy (column 3, line 60

through column 4, line 9).

43.   As per claim 63, Baronowski, as understood, teaches the method of claim 1 as described

above. Baronowski further teaches the method wherein, under the agreement, the benefits of a

plurality of insured's life insurance policies are transferred to a first entity (figure 4, loan

origination - assignment) and the premium payment obligations of the plurality of insured's life

insurance policies are transferred to the first entity or the second entity in exchange for periodic

payments for a period of time to at least one of an owner of the plurality of life insurance policies

and a third entity (figure 4, operations – payment and column 11, lines 1 – 25), wherein the

period of time is based on at least one of a fixed period and the lives of the insured (figure 4 - at

death).

44.   As per claim 64, Baronowski, as understood, teaches the method of claim 1 as described

above. Baronowski further teaches the method wherein the plurality of life insured policies are

owned by the same entity (column 3, lines 41 – 56 where the insured owns the policy).

Claim Rejections - 35 USC § 103

45.   The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all

obviousness rejections set forth in this Office action:

> (a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in
> section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are
> such that the subject matter as a whole would have been obvious at the time the invention was made to a person
> having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the
> manner in which the invention was made.

46.   *Claims 6, 10, 11 – 17, 47, 48* are rejected under 35 U.S.C. 103(a) as being unpatentable

over Baronowski et al., U.S. Patent number 5,926,800.

47.   As per claim 6, Baronowski teaches the method of claim 5 as described above.

Baronowski does not explicitly teach the method wherein the <u>one-lump sum payment is made in</u>

<u>close temporal proximity with the consummation of the agreement</u>.

The Examiner notes that it would be obvious to try for the method to include the one-lump sum

payment made in close temporal proximity with the consummation of the agreement.

- Recognized problem or need in the art including market pressure or design need.

- <u>Finite number</u> of identified solutions (in person or not in person).

- Those in the art could have pursued known solutions with reasonable expectation of

  success

48.   As per claim 10, Baronowski teaches the method of claim 1 as described above.

Baronowski does not explicitly teach the method wherein the periodic premium payments

include payments based on at least one of a monthly, a quarterly and an annual payment

schedule.

The Examiner notes that it would be obvious the method wherein the periodic premium

payments include payments based on at least one of a monthly, a quarterly and an annual

payment schedule.

- Recognized problem or need in the art including market pressure or design need.

- <u>Finite number</u> of identified solutions (monthly, a quarterly or annually).

- Those in the art could have pursued known solutions with reasonable expectation of

  success

49.   As per claim 11, Baronowski teaches the method of claim 1 as described above.

Baronowski does not explicitly teach the method further comprising recording the formation of a

second agreement, wherein the owner assigns at least a portion of any rights to the periodic

payments to another entity.

However, it would be obvious to record the formation of a second agreement, wherein the owner

assigns at least a portion of any rights to the periodic payments to another entity.

The Examiner makes this obvious designation as mere duplication of parts has no patentable

significance unless a new and unexpected result is produced (MPEP § 2144.04 VI).

50.   As per claims 12 – 17, Baronowski teaches the method of claim 1 as described above.

Baronowski does not explicitly teach the method wherein the periodic payments (column 11,

lines 22 – 25).

Baronowski does not explicitly teach the method wherein the periodic payments are substantially

equal to each other or are equal to each other or are serially paid to a plurality of entities or

payments decrease over time or increase over time or the periodic payments increase or decrease

substantially uniformly over time.

The Examiner notes that the changes in periodic payment are a matter of obvious design choice

(MPEP § 2144.04 VI).

51.   As per claim 47, Baronowski teaches the computer system of claim 40 as described

above.

 Baronowski does not explicitly teach the computer system comprising logic to direct payment of

at least one payment in the group of periodic payments to a second entity.

The Examiner notes that the changes in periodic payment are a matter of obvious design choice

(MPEP § 2144.04 VI). The secondary entity could be a trust (column 3, lines 50 – 65) or other

related item.

52.   As per claim 48, Baronowski teaches the computer system of claim 47 as described

above.

Baronowski does not explicitly teach the computer system wherein the periodic payments

(column 11, lines 22 – 25).

Baronowski does not explicitly teach the computer system comprising logic to direct payment of

at least one payment in the group of periodic payments to the first entity and then to direct

payment of at least one payment in the group of periodic payments to the second entity.

The Examiner notes that the changes in periodic payment are a matter of obvious design choice

(MPEP § 2144.04 VI).

53.   ***Claims 19, 42 and 55*** are rejected under 35 U.S.C. 103(a) as being unpatentable over

Baronowski et al., U.S. Patent number 5,926,800 in view of Healy et al., "Mortality under

structured settlement annuities for 1990 - 1993."

54.   As per claim 19, Baronowski teaches the method of claim 18 as described above.

Baronowski does not explicitly teach the method wherein the life expectancy of the insured is

based on the rated age of the insured (column 10, lines 4 - 18).

However, Healy further teaches the method wherein the life expectancy of the insured is based

on the rated age of the insured (Substandard Lives section).

It would have been obvious to one of ordinary skill in the art at the time of the invention to add

this feature into Baronowski. One of ordinary skill in the art would have added this feature into

Baronowski:

- With the motivation that this method was familiar with structured settlement writers

   (Healy, Sustandard Lives section, 1st paragraph)

- The elements are all known but not combined as claimed. The technical ability exists to combine the elements as claimed and the results of the combination are predictable. When combined, the elements <u>perform the same function as they did separately</u>.

55.   As per claim 42, Baronowski teaches the computer system of claim 41 as described above.

Baronowski does not explicitly teach the computer system wherein the life expectancy of the insured is <u>based on the rated age of the insured</u> (column 10, lines 4 - 18).

However, Healy further teaches the computer system wherein the life expectancy of the insured is based on the rated age of the insured (Substandard Lives section).

It would have been obvious to one of ordinary skill in the art at the time of the invention to add this feature into Baronowski. One of ordinary skill in the art would have added this feature into Baronowski:

- With the motivation that this method was familiar with structured settlement writers (Healy, Sustandard Lives section, 1st paragraph)

- The elements are all known but not combined as claimed. The technical ability exists to combine the elements as claimed and the results of the combination are predictable. When combined, the elements <u>perform the same function as they did separately</u>.

56.   As per claim 55, Baronowski teaches the computer readable medium of claim 54 as described above.

Baronowski does not explicitly teach the computer readable medium wherein the life expectancy of the insured is <u>based on the rated age of the insured</u> (column 10, lines 4 - 18).

However, Healy further teaches the computer readable medium wherein the life expectancy of

the insured is based on the rated age of the insured (Substandard Lives section).

It would have been obvious to one of ordinary skill in the art at the time of the invention to add

this feature into Baronowski. One of ordinary skill in the art would have added this feature into

Baronowski:

- With the motivation that this method was familiar with structured settlement writers

  (Healy, Sustandard Lives section, 1st paragraph)

- The elements are all known but not combined as claimed. The technical ability exists to

  combine the elements as claimed and the results of the combination are predictable.

  When combined, the elements perform the same function as they did separately.

57.   *Claims 20 – 22* are rejected under 35 U.S.C. 103(a) as being unpatentable over

Baronowski et al., U.S. Patent number 5,926,800 in view of Applicant Admitted Prior Art

(AAPA).

58.   As per claim 20, Baronowski teaches the method of claim 18 as described above.

Baronowski does not explicitly teach the method wherein the life expectancy of the insured is

determined using at least one method that is generally the same as the life expectancy estimation

methods used to establish the insured's life insurance policy while taking into account the

insured's current medical condition.

However, it is AAPA that the life expectancy of the insured is determined using at least one

method that is generally the same as the life expectancy estimation methods used to establish the

insured's life insurance policy while taking into account the insured's current medical condition.

It would have been obvious to one of ordinary skill in the art at the time of the invention to add

this feature into Baronowski. One of ordinary skill in the art would have added this feature into

Baronowski:

- The elements are all known but not combined as claimed. The technical ability exists to

   combine the elements as claimed and the results of the combination are predictable.

   When combined, the elements perform the same function as they did separately.

59.   As per claim 21, Baronowski teaches the method of claim 18 as described above.

Baronowski does not explicitly teach the method wherein the life expectancy of the insured is

determined using at least one method that is substantially the same as the commonly accepted

methods used to underwrite life insurance policies.

However, it is AAPA that the life expectancy of the insured is determined using at least one

method that is substantially the same as the commonly accepted methods used to underwrite life

insurance policies.

It would have been obvious to one of ordinary skill in the art at the time of the invention to add

this feature into Baronowski. One of ordinary skill in the art would have added this feature into

Baronowski:

- The elements are all known but not combined as claimed. The technical ability exists to

   combine the elements as claimed and the results of the combination are predictable.

   When combined, the elements perform the same function as they did separately.

60.   As per claim 22, Baronowski teaches the method of claim 18 as described above.

Baronowski does not explicitly teach the method wherein the life expectancy of the insured is

determined using at least one method that is generally the same as the life expectancy estimation

methods used to underwrite the insured's life insurance policy while taking into account the insured's current medical condition, wherein the insured has an impaired life.

However, it is AAPA that the life expectancy of the insured is determined using at least one method that is generally the same as the life expectancy estimation methods used to underwrite the insured's life insurance policy while taking into account the insured's current medical condition, wherein the insured has an impaired life.

It would have been obvious to one of ordinary skill in the art at the time of the invention to add this feature into Baronowski. One of ordinary skill in the art would have added this feature into Baronowski:

- The elements are all known but not combined as claimed. The technical ability exists to combine the elements as claimed and the results of the combination are predictable. When combined, the elements perform the same function as they did separately.

61.   *Claims 27* are rejected under 35 U.S.C. 103(a) as being unpatentable over Baronowski et al., U.S. Patent number 5,926,800 in view of Leisher et al., U.S. Pre-Grant Publication Number 2004/ 0030589.

62.   As per claim 27, Baronowski teaches the method of claim 26 as described above. Baronowski does not explicitly teach the method wherein the fixed rate of return is a guaranteed rate of return.

However, Leisher further teaches the method wherein the fixed rate of return is a guaranteed rate of return (paragraph 104).

It would have been obvious to one of ordinary skill in the art at the time of the invention to add

this feature into Baronowski. One of ordinary skill in the art would have added this feature into

Baronowski:

- The elements are all known but not combined as claimed. The technical ability exists to

  combine the elements as claimed and the results of the combination are predictable.

  When combined, the elements perform the same function as they did separately.

63.   *Claims 28 – 32* are rejected under 35 U.S.C. 103(a) as being unpatentable over

Baronowski et al., U.S. Patent number 5,926,800 in view of Lange, U.S. Pre-Grant Publication

Number 2004/ 0064391.

64.   As per claim 28, Baronowski teaches the method of claim 1 as described above.

Baronowski does not explicitly teach the method wherein at least a portion of the periodic

payments are based on a variable rate of return.

However, Lange further teaches the method wherein at least a portion of the periodic payments

are based on a variable rate of return (paragraphs 33 and 34).

It would have been obvious to one of ordinary skill in the art at the time of the invention to add

this feature into Baronowski. One of ordinary skill in the art would have added this feature into

Baronowski:

- The elements are all known but not combined as claimed. The technical ability exists to

  combine the elements as claimed and the results of the combination are predictable.

  When combined, the elements perform the same function as they did separately.

65.   As per claim 29, Baronowski teaches the method of claim 28 as described above.

Baronowski does not explicitly teach the method wherein the <u>variable rate of return is based on the performance of at least one of a portfolio of investment securities and the prevailing interest rate</u>.

However, Lange further teaches the method wherein the variable rate of return is based on the performance of at least one of a portfolio of investment securities and the prevailing interest rate (paragraphs 33 and 34).

It would have been obvious to one of ordinary skill in the art at the time of the invention to add this feature into Baronowski. One of ordinary skill in the art would have added this feature into Baronowski:

- The elements are all known but not combined as claimed. The technical ability exists to combine the elements as claimed and the results of the combination are predictable. When combined, the elements <u>perform the same function as they did separately</u>.

66.   As per claim 30, Baronowski teaches the method of claim 1 as described above. Baronowski does not explicitly teach the method comprising:

- <u>Recording the formation of an agreement with a fourth entity, wherein the fourth entity will pay at least one of the first and second entities a lump-sum at the expiration of a time period during the life of the insured</u>.

However, Lange further teaches the method comprising:

- Recording the formation of an agreement with a fourth entity, wherein the fourth entity will pay at least one of the first and second entities a lump-sum at the expiration of a time period during the life of the insured (paragraph 44 where the 4th entity is a re-insurance company.).

It would have been obvious to one of ordinary skill in the art at the time of the invention to add

this feature into Baronowski. One of ordinary skill in the art would have added this feature into

Baronowski:

- The elements are all known but not combined as claimed. The technical ability exists to

    combine the elements as claimed and the results of the combination are predictable.

    When combined, the elements <u>perform the same function as they did separately</u>.

Additionally, the payment terms of the agreement represent an obvious design choice.

67.   As per claim 31, Baronowski teaches the method of claim 1 as described above.

Baronowski does not explicitly teach the method comprising:

- <u>Recording the formation of an agreement with a fourth entity, wherein the fourth entity</u>

    <u>will pay the first entity a lump-sum at the expiration of a time period during the life of</u>

    <u>the insured</u>.

However, Lange further teaches the method comprising:

- Recording the formation of an agreement with a fourth entity, wherein the fourth entity

    will pay the first entity a lump-sum at the expiration of a time period during the life of

    the insured (paragraph 44 where the 4th entity is a re-insurance company.).

It would have been obvious to one of ordinary skill in the art at the time of the invention to add

this feature into Baronowski. One of ordinary skill in the art would have added this feature into

Baronowski:

- The elements are all known but not combined as claimed. The technical ability exists to

    combine the elements as claimed and the results of the combination are predictable.

    When combined, the elements <u>perform the same function as they did separately</u>.

Additionally, the payment terms of the agreement represent an obvious design choice.

68.   As per claim 32, Baronowski teaches the method of claim 1 as described above.

Baronowski does not explicitly teach the method comprising:

- <u>Causing the formation of an agreement with a fourth entity, wherein the fourth entity
  will assume responsibility for paying the premium payment obligations of the insured's
  life insurance policy and assume responsibility for the payment of at least some of the
  periodic payments.</u>

However, Lange further teaches the method comprising:

- Causing the formation of an agreement with a fourth entity, wherein the fourth entity
  will assume responsibility for paying the premium payment obligations of the insured's
  life insurance policy and assume responsibility for the payment of at least some of the
  periodic payments (paragraph 44 where the 4th entity is a re-insurance company.).

It would have been obvious to one of ordinary skill in the art at the time of the invention to add

this feature into Baronowski. One of ordinary skill in the art would have added this feature into

Baronowski:

- The elements are all known but not combined as claimed. The technical ability exists to
  combine the elements as claimed and the results of the combination are predictable.
  When combined, the elements <u>perform the same function as they did separately.</u>

Additionally, the payment terms of the agreement represent an obvious design choice.

69.   *Claims 33 – 35* are rejected under 35 U.S.C. 103(a) as being unpatentable over

Baronowski et al., U.S. Patent number 5,926,800 in view of Chodes, U.S. Pre-Grant Publication

Number 2003/ 0023544 and Official Notice.

70.   As per claim 33, Baronowski teaches the method of claim 1 as described above.

Baronowski does not explicitly teach the method comprising:

- Paying at least a portion of the periodic payments to the insured with a check made payable to the insured, and identifying a likelihood of an insured's death based on the absence of a timely cashed check.

However, Chodes further teaches the method comprising:

- Paying at least a portion of the periodic payments to the insured made payable to the insured (paragraph 45).

The Examiner takes Official Notice that the absence of a timely cashed check could indicate a likelihood of an insured's death. The Examiner notes that there is only a limited possibility of solutions for the absence of cashing: moved, forgot, no effort and death.

It would have been obvious to one of ordinary skill in the art at the time of the invention to add these features into Baronowski. One of ordinary skill in the art would have added these features into Baronowski:

- The elements are all known but not combined as claimed. The technical ability exists to combine the elements as claimed and the results of the combination are predictable. When combined, the elements perform the same function as they did separately.

71.   As per claim 34, Baronowski teaches the method of claim 33 as described above.

Baronowski does not explicitly teach the method wherein <u>the absence of a timely cashed check is</u> <u>determined based on at least one of historic data of the number of days after mailing of the check</u> <u>that the insured cashes the check and a predetermined time period.</u>

The Examiner takes Official Notice that the absence of a timely cashed check is determined based on a predetermined time period. Placing time periods on checks is old and well known. It would have been obvious to one of ordinary skill in the art at the time of the invention to add these features into Baronowski. One of ordinary skill in the art would have added these features into Baronowski:

- The elements are all known but not combined as claimed. The technical ability exists to combine the elements as claimed and the results of the combination are predictable. When combined, the elements <u>perform the same function as they did separately</u>.

72.   As per claim 35, Baronowski teaches the method of claim 1 as described above. Baronowski does not explicitly teach the method comprising:

- <u>Paying at least a portion of the periodic payments to the insured with a check made</u> <u>payable to the insured, and identifying a likelihood of an insured's death based on the</u> <u>signature on the check representing the endorser's signature.</u>

However, Chodes further teaches the method comprising:

- Paying at least a portion of the periodic payments to the insured made payable to the insured (paragraph 45).

The Examiner takes Official Notice that the periodic payments may be made through check.

It would have been obvious to one of ordinary skill in the art at the time of the invention to add

these features into Baronowski. One of ordinary skill in the art would have added these features

into Baronowski:

- The elements are all known but not combined as claimed. The technical ability exists to

    combine the elements as claimed and the results of the combination are predictable.

    When combined, the elements perform the same function as they did separately..

73.   *Claims 36 – 39* are rejected under 35 U.S.C. 103(a) as being unpatentable over

Baronowski et al., U.S. Patent number 5,926,800 in view of Gradison, "Life Settlements- An

idea whose time has come."

74.   As per claim 36,

Baronowski teaches a computer based method for investing, comprising:

- Estimating the payments that would be received by the owner of a life insurance policy

    from a plurality of options (column 4, line 54 through column 5, line 4), the plurality of

    plurality of options comprising:

    - Causing the formation of an agreement for the transfer of benefits of an insured's

        life insurance policy to a first entity and the transfer of premium payment

        obligations of the insured's life insurance policy to the first entity or a second

        entity in exchange for periodic payments for a period of time to at least one of an

        owner of the life insurance policy and a third entity (column 12, lines 1 – 33),

        - Wherein the period of time is based on at least one of a fixed period and

            the life of the insured (column 12, lines 33 – 41, death); and

o   Evaluating the differences between the payments that would be received by an

insured from a plurality of options (column 10, lines 19 – 41).

Baronowski does not explicitly teach method comprising:

o   <u>Selling the life insurance policy in exchange for a life settlement; and</u>

However, Gradison teaches the method comprising:

o   Selling the life insurance policy in exchange for a life settlement (section 12: Is it

OK to sell and buy life insurance policies?); and

It would have been obvious to one of ordinary skill in the art at the time of the invention to add

these features into Baronowski. One of ordinary skill in the art would have added these features

into Baronowski:

• The elements are all known but not combined as claimed. The technical ability exists to

combine the elements as claimed and the results of the combination are predictable.

When combined, the elements <u>perform the same function as they did separately</u>.

75.   As per claim 37, Baronowski in view of Gradison teaches the method of claim 36 as

described above.

Baronowski does not explicitly teach the method wherein the plurality of options also comprises

<u>surrendering the life insurance policy (</u>column 2, lines 9 - 26 and column 3, lines 21 – 28).

However, Gradison teaches the method wherein the plurality of options also comprises

surrendering the life insurance policy (section 12: Is it OK to sell and buy life insurance

policies?).

It would have been obvious to one of ordinary skill in the art at the time of the invention to add

these features into Baronowski. One of ordinary skill in the art would have added these features

into Baronowski:

- The prior art differs from the claim by the substitution of some components. The

  substituted components were <u>known</u>. The technical ability existed to substitute the

  components as claimed and the result of the substitution is predictable.

76.   As per claim 38, Baronowski in view of Gradison teaches the method of claim 37 as

described above.

Baronowski does not explicitly teach the method wherein the plurality of options also comprises

<u>allowing the life insurance policy to lapse</u>.

However, Gradison teaches the method wherein the plurality of options also comprises allowing

the life insurance policy to lapse (section 12: Is it OK to sell and buy life insurance policies?).

It would have been obvious to one of ordinary skill in the art at the time of the invention to add

these features into Baronowski. One of ordinary skill in the art would have added these features

into Baronowski:

- The elements are all known but not combined as claimed. The technical ability exists to

  combine the elements as claimed and the results of the combination are predictable.

  When combined, the elements <u>perform the same function as they did separately</u>.

77.   As per claim 39, Baronowski in view of Gradison teaches the method of claim 36 as

described above. Baronowski further teaches the method wherein the plurality of options also

comprises allowing the life insurance policy to be maintained and further comprises evaluating

the effect of at least one of estate taxes, the absence of estate taxes, income taxes, and the

absence of income taxes, on monies resulting from payments resulting from the selection of one

or more of the options (column 3, lines 37 – 40).

78.   ***Claims 50 and 51*** are rejected under 35 U.S.C. 103(a) as being unpatentable over

Baronowski et al., U.S. Patent number 5,926,800 in view of Official Notice.

79.   As per claim 50, Baronowski teaches the computer system of claim 40 as described

above.

Baronowski does not explicitly teach the computer system comprising <u>logic to track the time</u>

<u>between the date of mailing of a check representing a payment in the group of periodic payments</u>

<u>and the date that the check was cashed</u>.

The Examiner notes that claim 50 does not require that the check be paid through the insured as

in claim 33.

The Examiner takes Official Notice that the absence of a timely cashed check is determined

based on a predetermined time period. Placing time periods on checks is old and well known.

It would have been obvious to one of ordinary skill in the art at the time of the invention to add

these features into Baronowski. One of ordinary skill in the art would have added these features

into Baronowski:

*   The elements are all known but not combined as claimed. The technical ability exists to

     combine the elements as claimed and the results of the combination are predictable.

     When combined, the elements <u>perform the same function as they did separately</u>.

80.   As per claim 51, Baronowski teaches the computer system of claim 50 as described

above.

Baronowski does not explicitly teach the computer system comprising logic to identify a

likelihood of an insured's death based on a comparison of the time between the date of mailing of

the check and the date that the check was cashed and at least one of a historical time between the

date of mailing of a check representing a payment in the group of periodic payments and the date

that the check was cashed and a predetermined time.

The Examiner takes Official Notice that the periodic payments may be made through check.

It would have been obvious to one of ordinary skill in the art at the time of the invention to add

these features into Baronowski. One of ordinary skill in the art would have added these features

into Baronowski:

  • The elements are all known but not combined as claimed. The technical ability exists to

      combine the elements as claimed and the results of the combination are predictable.

      When combined, the elements perform the same function as they did separately.

81.   *Claim 56* is rejected under 35 U.S.C. 103(a) as being unpatentable over Baronowski et

al., U.S. Patent number 5,926,800 in view of Chodes, U.S. Pre-Grant Publication Number 2003/

0023544.

82.   As per claim 56, Baronowski teaches a method of investing, comprising:

  • Inputting information into a computer terminal (column 5, lines 18 – 31),

      o   The information relating to

- ▪ The formation of an agreement for the for the transfer of benefits of an insured's life insurance policy to a first entity (figure 4, loan origination - assignment) and

- ▪ The transfer of premium payment obligations of the insured's life insurance policy to the first entity or a second entity in exchange for periodic payments for a period of time to at least one of an owner of the life insurance policy and a third entity (figure 4, operations – payment and column 11, lines 1 – 25),

- ▪ Wherein the period of time is based on at least one of a fixed period and the life of the insured (figure 4 - at death).

- • Transferring the information to a computer (column 5, lines 18 – 31).

Baronowski does not explicitly teach the method comprising

- • Inputting information into a computer terminal located in a first region,

- • Transferring the information to a computer located in a second region.

However, Chodes further teaches the method comprising:

- • Inputting information into a computer terminal located in a first region (figure 5 where the computers are distributed over the Internet, paragraph 71),

- • Transferring the information to a computer located in a second region (figure 5 where the computers are distributed over the Internet, paragraph 71).

It would have been obvious to one of ordinary skill in the art at the time of the invention to add this feature into Baronowski. One of ordinary skill in the art at the time of the invention would

have added this feature with the motivation to allow for a larger marketplace (Chodes, paragraph

79).

83.   ***Claim 61 and 62*** are rejected under 35 U.S.C. 103(a) as being unpatentable over

Baronowski et al., U.S. Patent number 5,926,800 in view of Herman et al, U.S. Pre-Grant

Publication 2002/ 0035489.

84.   As per claim 61, Baronowski teaches a method of claim 60 as described above.

Baronowski does not explicitly teach the method wherein <u>an escrow account is set up to pay the</u>

<u>premium payment obligations of the insured's life insurance policy</u>.

However, Herman further teaches the method wherein an escrow account is set up to pay the

premium payment obligations of the insured's life insurance policy (paragraph 36 where the

insurance payments are paid through escrow).

It would have been obvious to one of ordinary skill in the art at the time of the invention to add

this feature into Baronowski. One of ordinary skill in the art at the time of the invention would

have added this feature with the motivation to assure sufficient funds to make payments

(Herman, paragraph 35).

85.   As per claim 62, Baronowski teaches a method of claim 60 as described above.

Baronowski does not explicitly teach the method <u>wherein at least one of an owner of the life-</u>

<u>insurance policy and a third entity pays into an escrow account that is set up to pay the premium</u>

<u>payment obligations of the insured's life insurance policy in the event that the premium payments</u>

<u>are not made by the owner.</u>

However, Herman further teaches the method wherein at least one of an owner of the life-

insurance policy and a third entity pays into an escrow account that is set up to pay the premium

payment obligations of the insured's life insurance policy in the event that the premium payments

are not made by the owner (paragraph 35, where the reinsurance company is a third party).

It would have been obvious to one of ordinary skill in the art at the time of the invention to add

this feature into Baronowski. One of ordinary skill in the art at the time of the invention would

have added this feature with the motivation to assure sufficient funds to make payments

(Herman, paragraph 35).

Conclusion

86.   The prior art made of record and not relied upon is considered pertinent to applicant's

disclosure.

Shovlin, "Clearing Up Common Misconceptions about life Settlements"
Business Wire, "Peachtree Life Settlements Obtains Licenses in
Louisiana and Mississippi"
Vermont Department of Banking, Insurance and Securities - Regulation 95-4 Viatical
Settlements
Livingston U.S. Pre-Grant Publication 2001/ 0047325
Trankina et al., U.S. Patent 6,578,016
Schotz, U.S. Patent 4,837,693
Anderton et al., U.S. Patent 5,930,760
Lloyd, U.S. Patent 4,876,648

Any inquiry concerning this communication or earlier communications from the

examiner should be directed to NEAL R. SEREBOFF whose telephone number is (571)270-

1373. The examiner can normally be reached on Mon thru Thur from 7:30am to 5pm, with 1st

Fri off.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's

supervisor, Luke Gilligan can be reached on (571) 272-6770. The fax phone number for the

organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent

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like assistance from a USPTO Customer Service Representative or access to the automated

information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

/N. R. S./
Examiner, Art Unit 3626
11/19/2008

/Robert Morgan/
Primary Examiner, Art Unit 3626